THE MINERAL INDUSTRY OF

LEBANON

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In 1997, domestic mineral output was limited to the production of salt and the quarrying of raw materials for the construction industry, particularly limestone and silica for cement manufacture. Until the closure of Lebanon's two refineries, the petroleum-processing industry relied on imported crude oil. The steel industry continues to rely on imported scrap as raw material. Actual production data have not been reported in recent years, but estimates have been made on the basis of the best available information. (See table 1.)

Trade in Mineral commodities increased momentum in spite of the fragile stability of the region. Crude oil imports were suspended in mid-1992 with the closure of the Tripoli refinery. Petroleum product consumption has been met entirely through imports since that time. In 1997, petroleum product imports totaled 4.4 million metric tons (about 85,000 barrels per day), representing a volume increase of about 6% compared with that of 1996. Fuel oil imported by the Government for Electricité du Liban accounted for most of the increase. Lebanon's petroleum import costs in 1997 were about $700 million (Arab Petroleum Research Center, 1998).

Lebanon was basically a private-sector-oriented economy. In 1997, most mineral operations in Lebanon remained privately owned, including all cement plants, steel mills, and stone quarries. Petroleum imports, as well as the nation's inactive refineries near Tripoli and Sidon, however, were controlled by the Ministry of Industry and Petroleum. The Zahrani refinery near Sidon suspended operations in mid-1989. The Tripoli refinery supplied about 15% of the nation's petroleum product consumption requirements until mid-1992, when it also suspended operations, largely owing to lack of funds to purchase crude oil. Consideration is being given to the rehabilitation and upgrading of the refinery: the projected cost is $130 million. Any plan to repair the war-damaged Zahrani refinery was abandoned in favor of transforming the Zahrani facility into a petroleum product storage area.

Traco Corp. of Saudi Arabia has acquired a 70% interest in Wardieh Holdings, which has a network of about 180 service stations, a storage tank capacity of 250,000 barrels at Dora just northeast of Beirut, and a lubricants plant. Other partners in Wardieh Holdings are Mobil Middle East Export Corp. and Béryte Immobilière, each holding 15%; equity (Arab Oil & Gas, 1998).

The bulk of cement manufacturing was centered in the northern coastal region of Chekka near abundant limestone and deep-draft port facilities. Cimenterie National SAL, financed by the International Finance Corp., increased capacity by 50% in 1997, to 1.5 million metric tons per year (Mt/yr). Other cement producers were the Société des Ciments Libanais, currently operating a 1.5-Mt/yr-capacity plant with contracts to expand to 2 Mt/yr; and Société Libanaise des Ciments Blancs. The demand for cement has grown from 1.4 Mt/yr in 1992 to more than 4 Mt/yr in 1997 as major public reconstruction projects got underway.

Power-generation capacity increased from 1,057 megawatts (MW) to 1,357 in September 1997 with the startup of a 150-MW turbine at the Zahrani and the Beddawi powerplants. Lebanon also imports electricity from Syria through the Tartous-Deir Nabouth powerline (Arab Petroleum Research Center, 1998). The government is considering converting power stations to natural gas. One proposal under study is the importation of liquified natural gas (LNG) from Qatar or the United Arab Emirates; this would require heavy investment in regasification and storage facilities, as well as pipeline networks. Lebanon hopes to obtain World Bank funding for the LNG project and invited bids for management, supervision, and consultancy contracts near the close of 1997. A second proposal under consideration is the import of natural gas from Syria and possibly Egypt. A joint Syria-Lebanon Gas Commission was established to investigate the possibility of the delivery of 3 million cubic meters per day of Syrian natural gas to Lebanon.

As part of the economic recovery plans, Lebanon sought to encourage investment by reducing the corporate income tax to 75% and establishing even more-favorable tax structures for offshore holding companies. Foreign investors are not rushing into Lebanon because the territorial conflict between Syria and Israel continues to be focused on the "security zone" in southern Lebanon.

References Cited

Arab Petroleum Research Center, 1998, Arab oil & gas directory: Paris, Arab Petroleum Research Center p. 227-236.

Arab Oil & Gas, 1998, Lebanon: Paris, Arab Petroleum Research Center, v. 23, no. 632, p. 34.

Major Source of Information

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TABLE 1
LEBANON: ESTIMATED PRODUCTION OF MINERAL COMMODITIES 1/

(Metric tons unless otherwise specified)

Commodity		1993	1994	1995	1996	1997
Cement, hydraulic	thousand metric tons	3,000 r/	3,450 r/	3,538 r/ 2/	3,500 r/	4,500
Gypsum		2,000	2,000	2,000	3,000	3,000
Iron and steel, metal, semimanufactures		80,000	80,000	80,000	80,000	80,000
Lime		25,000	28,000	30,000	30,000	40,000
Salt		3,000	3,000	3,000	3,500	3,500

r/ Revised.
1/ Table includes data available through October 15, 1998.
2/ Reported figure.